



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 8, 2016

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Introduction and First Reading. Consideration. Passage on First Reading of an Ordinance to Make Appropriations for the Support of the City Government for Fiscal Year 2017.

ISSUE: Consideration of an Appropriation Ordinance to make appropriations for the support of the government of the City of Alexandria, Virginia, for the Fiscal Year (FY) 2017.

RECOMMENDATION: That City Council pass the ordinance on first reading on June 14, 2016, and schedule it for public hearing, second reading, and final passage on June 18, 2016.

DISCUSSION: On May 5, 2016, City Council approved the FY 2017 All Funds Budget and adopted an ordinance setting the City's real property and personal property tax rate for calendar year (CY) 2016. In accordance with sections 6.07 and 6.14 of the City Charter, an annual ordinance is also required to appropriate the Approved Operating and Capital Budgets. This ordinance contains the appropriation of the Adopted Operating Budget, the reappropriation of expected encumbrances, and an appropriation from the Special Revenue Fund for new grants. This ordinance also reflects the final approved budget of the Alexandria City Public Schools (ACPS), as adopted by the School Board on May 26, 2016. The ordinance reflects the add - delete decisions of the School Board, which took into account both changes in revenue estimates at the State and local level as well as increased use of fund balance and excessive services and the final City transfer Appropriation of \$206,561,472

ADOPTED OPERATING BUDGET: Sections 1 through 9 of the attached proposed appropriations ordinance legally establishes the revenues and expenditures of the FY 2017 budget. As detailed in Section 7 of the attached ordinance, a significant portion of the General Fund's revenues are transferred to other funds and component units, principally to finance operations of the Alexandria City Public Schools. In addition, the total expenditure appropriation must be reduced by the amount of these transfers (referred to as "Interfund Transfers") to eliminate double counting and accurately reflect the aggregate expenditure appropriations. Table I, which is attached to the ordinance, provides the detailed breakdown for all funds for each department and component unit. Table II, which is also attached to the ordinance, provides the detailed revenue estimate for all

funds by the major sources of revenue.

REAPPROPRIATION OF PROJECTED ENCUMBRANCES: Section 10 of the attached proposed appropriation ordinance reappropriates monies authorized and expected to be obligated in FY 2016 but not expected to be expended as of June 30, 2016. By City Charter, all appropriations lapse at the end of the fiscal year. When budgeted goods and services are ordered prior to the end of one fiscal year but not delivered until the next fiscal year, monies need to be reappropriated to cover the expenditures paid in the current fiscal year. As introduced in 2006, encumbrances are now authorized based on estimates of preliminary encumbrances. The actual encumbrance amount that is carried over from FY 2016 into FY 2017 will be different than this amount. The final encumbrance amount that is carried over into FY 2017 will be reduced to reflect actual authorized encumbrances.

FISCAL IMPACT: This ordinance authorizes the receipt and expenditure of \$1,213,872,354 for FY 2017 in the following sections \$1,203,096,354 in Sections 1 through 9 and \$10,776,000 in Section 10):

Section 1 to Section 9

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|---|-------------------------------|
| General Fund | \$ 678,533,638 |
| Special Revenue Fund | 101,418,669 |
| Housing Special Revenue Fund | 1,296,599 |
| Sewer Special Revenue Fund | 10,936,399 |
| Stormwater Special Revenue Fund | 1,907,746 |
| Potomac Yard Fund | 5,419,716 |
| Northern Virginia Transportation Authority Fund | 22,626,546 |
| Capital Projects Fund | 394,604,052 |
| Equipment Replacement Internal Service Fund | 5,667,166 |
| Alexandria City Public Schools | 277,644,369 |
| Library Fund | 7,422,038 |
| Alexandria Transit Company | 16,889,304 |
| Less: Interfund Transfers | (321,269,888) |
| Total | <u>\$1,203,096,354</u> |

The amounts listed for the Alexandria Transit Company, the Schools, and the Library represent their total budgets, including the City's General Fund appropriation to each agency and any fee revenue (such as farebox revenue for the Alexandria Transit Company), grants, State aid or other revenues that are part of the total budgets. By the City Charter, Council must appropriate all monies, including those for the Alexandria Transit Company, Alexandria City Public Schools, irrespective of the source. The appropriation to the ACPS includes \$253.4 million of operating funds, \$13.7 million for grants and special projects and \$10.6 million for the School Lunch Fund. The "Less: Interfund Transfers" line backs out dollars counted both in the General Fund, the Sewer and Wastewater Fund amounts and each of the agency budgets for the City's appropriation to these individual agencies.

Section 10

The reappropriation of \$10,776,000 of General Fund Balance as the maximum monies encumbered as of June 30, 2016. This is a high-end and estimated amount which will be lowered in the first few months of FY 2017 to

the actual encumbrance need. By obtaining an estimated authorized amount by July 1, clearer internal budget management is facilitated.

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| Reappropriation of monies encumbered as of June 30, 2016 | \$ <u>10,776,000</u> |
| Total | \$ <u>10,776,000</u> |

ATTACHMENT:

Attachment 1 - Appropriation Ordinance Cover and Ordinance

Attachment 2 - Table I - Expenditures by Department or Component Unit by Fund

Attachment 3 - Table II - Sources of Revenue

STAFF:

Kendel Taylor, Director of Finance

Morgan Routt, Director of Management & Budget